



Committee On Finance

Max Baucus, Ranking Member

NEWS RELEASE

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Baucus Presses for Strong Environmental Standards in Key Trade Agreement

21 Senators Send Letter to U.S. Trade Representative Insisting on Inclusion of Environmental Protections in the U.S.-Central America Free Trade Agreement

(WASHINGTON, D.C.) U.S. Senator Max Baucus, joined by a bipartisan group of 20 senators, today sent a letter urging U.S. Trade Representative Robert Zoellick to include strong environmental provisions in the U.S.-Central America Free Trade Agreement (CAFTA).

CAFTA negotiations, which include the countries of the United States, Costa Rica, El Salvador, Honduras, Guatemala, and Nicaragua, are scheduled to be completed by the end of this year. Negotiators are discussing environmental provisions at meetings this week in Honduras.

"When Congress passed Trade Promotion Authority (TPA) last year, we made it clear that robust environmental provisions should be included in every free trade agreement," Baucus said. "The CAFTA countries face environmental challenges on a scale not seen in Singapore or Chile, and perhaps even greater than those faced by Mexico when we negotiated the North American Free Trade Agreement (NAFTA) ten years ago. That means we need environmental provisions in the CAFTA that are better than those in this year's Singapore and Chile Free Trade Agreements (FTAs) and at least as strong as those in NAFTA. I am pleased that so many colleagues have joined me in pressing this point to Ambassador Zoellick."

U.S. Senator Olympia Snowe (R-Maine), one of the senators who signed the letter, today added her support for strengthening environmental provisions in the CAFTA.

"We should not allow free trade agreements to permit degradation of the environment in another country that would give a trade advantage to that nation's domestic producers," Sen. Snowe said. "Steps toward improving the environmental protection offered by our trade agreement partners could both improve the global environmental climate and ensure that U.S. producers are not put at an unfair disadvantage."

The text of letter follows:

The Honorable Robert Zoellick
United States Trade Representative
600 17th Street, N.W.
Washington, D.C. 20508

Re: Improving Trade and Environment Standards in the CAFTA

Dear Ambassador Zoellick:

In a few weeks, the United States will host the final scheduled negotiating round for the U.S.-Central America Free Trade Agreement (CAFTA). Under the fast-track procedures adopted in the Trade Act of 2002, Congress will soon be called upon to vote for or against implementing legislation for the CAFTA, but will not have the opportunity to modify the underlying agreement. It is therefore critical that the CAFTA agreement you conclude next month include provisions that will win broad support in Congress.

In particular, we believe that strong environmental provisions are critical to Congressional approval of the CAFTA. We were disappointed earlier this year when you tabled for CAFTA the same environmental text used in the Singapore and Chile FTAs. These provisions are not sufficient for the CAFTA countries, where environmental standards and enforcement capacity are lower, democratic institutions are more fragile, and sustainable development concerns are more critical. Indeed, the Singapore and Chile environment chapters are a significant step back from the provisions included in the NAFTA ten years ago.

We were therefore pleased to learn that you will soon be proposing new environment text to the CAFTA countries. As you revise the U.S. position, we strongly urge you to adopt the following guidelines:

First, the CAFTA environment chapter must be at least as strong as the environmental provisions in NAFTA. That means including the citizen petition provisions that were omitted from the Singapore and Chile FTAs so that citizens can challenge a CAFTA government's failure to effectively enforce environmental laws before a neutral, international, and non-political body. The chapter should also include NAFTA's guarantee that trade commitments cannot be used to weaken commitments under multilateral environmental agreements.

Second, CAFTA's environment provisions must be "Chile and Singapore-plus." One size does not fit all. The pervasive weaknesses in environmental standards and enforcement in Central America warrant a much more robust cooperation agenda and more meaningful provisions on corporate stewardship. The U.S. and CAFTA countries must commit to formulate a long-term strategy to improve environmental conditions and enforcement, provide dedicated funding over the agreement's 12-15 year phase-in period, commit to independent and objective monitoring of progress toward meeting established benchmarks, and build in incentives that reward higher standards.

Third, CAFTA must reflect Congress's negotiating priorities set out in TPA. TPA expressly instructs the President to make sure that FTAs include an appellate mechanism for investor-state disputes. In the Singapore and Chile FTAs, the parties postponed a decision on what kind of mechanism might be necessary. Omitting an appellate mechanism from CAFTA is a bad precedent for FTAA and future regional agreements planned in Asia and the Middle East. Moreover, it would certainly lead Congress to question whether TPA requirements are being flouted.

We urge you to take full advantage of the historic opportunity that CAFTA presents to show that liberalized trade, sustainable development, and environmental protection can be mutually supportive goals. If that opportunity is squandered, it will weigh heavily in our votes on implementation of the CAFTA.

We look forward to working with you on these issues.

Sincerely,

Max Baucus
Dianne Feinstein
Maria Cantwell
Tom Carper
Patty Murray
Frank Lautenberg
Olympia Snowe
Jim Jeffords
Joe Biden
Evan Bayh
Jeff Bingaman
Tom Harkin
Patrick Leahy
Mark Pryor
Ron Wyden
Jon Corzine
Barbara Boxer
John Kerry
Herb Kohl
Charles Schumer
Joe Lieberman